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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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In the Matter of)

Federal-State Joint Board on)
Universal Service)

CC Docket No. 96-45
DA 97-1957

**COMMENTS OF THE COMMONWEALTH
OF THE NORTHERN MARIANA ISLANDS**

The Commonwealth of the Northern Mariana Islands ("Commonwealth"),¹ by its attorneys, respectfully submits the following comments in response to the Commission's Public Notice requesting comment with respect to universal service support distribution options for schools, libraries, and rural health care providers.²

**I. The Rules of Priority should be Applied to the
January 1, 1998 and June 30, 1998 Funding Period**

In its Public Notice, the Commission seeks comment on whether or not the rules of priority for distributing funds to schools and libraries set forth in Section 54.407 of the Commission's Rules, 47 C.F.R. § 54.507 (1997), should be applied to the \$1 billion available between January 1, 1998 and June 30, 1997. The Commonwealth believes that the Commission

¹ These Comments are filed by the Office of the Governor on behalf of the people of the Commonwealth.

² Common Carrier Bureau Seeks Comment on Universal Service Support Distribution Options for Schools, Libraries, and Rural Health Care Providers, CC Docket 96-45, DA 97-1957, Public Notice (September 10, 1997) ("Public Notice"). For information regarding the Commonwealth's history and background, see Comments of the Commonwealth of the Northern Mariana Islands to the Notice of Proposed Rulemaking and Order Establishing Joint Board in CC Dkt. No. 96-45 (April 12, 1996).

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should apply the rules of priority to the initial six month funding period. As acknowledged in the Public Notice, Section 54.507(g) states that the trigger mechanism applies in any funding year, which includes the period from January 1, 1998 through June 30, 1998.³ Because the schools and libraries which need funding the most are also the ones with less resources at their disposal to spend in the preparation of applications, they will likely not be the first applicants to file funding requests. Because funding will be distributed on a first-filed, first-served basis, if the Commission does not apply the rules of priority to the initial funding period, the poorest schools located in high cost areas might have to wait until after July 1, 1997 to begin receiving universal service funding. On the other hand, establishing a trigger point in the initial funding period would help ensure that schools and libraries which need funding the most will receive funding within the first six months of the program, even if they are not the first to file funding requests. Therefore, the Commonwealth believes that the Commission should apply the rules of priority to the funding period between January 1, 1998 and June 30, 1998.

II. The Commission Should Prioritize Requests For Funding by Rural Health Care Providers

In its Public Notice, the Commission also seeks comment on whether it should establish a mechanism prioritizing requests from rural health care providers in the event that such requests exceed available funds. The Commonwealth believes permanent rules of priority should be adopted with regard to funding requests when such requests exceed available funds. The Commission should adopt rules which prioritize funding requests of rural health care providers with the highest telecommunications costs over those which have lower telecommunications

³ Public Notice at 2 n.2.

costs. Otherwise, health care providers which are in the greatest need of funding, such as those in the Commonwealth, could be excluded from receiving funds in each funding period. Therefore, the Commonwealth supports the adoption of rules of priority for rural health care providers in the event requests exceed available funds.

**III. The E-Rate Implementation Working Group's
Proposed Method For Allocating Discount Rates
to Aggregated Funding Requests Should be Adopted**

In its Public Notice, the Commission requests comment on the E-Rate Working Group's ("Working Group's") proposal for allocating support to individual institutions that apply for funds on an aggregated basis.⁴ The Commonwealth believes that the Commission should adopt the Working Group's proposal to apply a weighted discount average to applicants who file funding requests on behalf of one or more schools or libraries. The Commonwealth agrees with the Working Group, that adopting a "weighting" averaging system will help reduce the possibility that applicants will use a mathematical calculation to unfairly and improperly increase the amount of funding they should receive.⁵ Simple averaging could cause high-volume users with low discount rates to benefit from the rates of low-volume users with high discount rates. "Weighted" averaging, on the other hand, takes into account the projected use of services by each school or library in calculating the discount rate of the applicant. The Commonwealth believes that weighted averaging will help secure the integrity of the fund to ensure that all applicants receive only the amount of support which the Order intended and not deplete limited

⁴ E-Rate Implementation Working Group, Report to the Federal Communications Commission (July 31, 1997) ("Report").

⁵ Id. at 15.

fund resources.

**IV. The Commission Should Establish a "Window" Period Where
All Beneficiaries Filing Within that Period Are Given Equal Weight**

In its Public Notice, the Commission seeks comment on whether it should establish a "window" period in which all beneficiaries filing within that period would be given equal priority. The Commonwealth supports the two-week "window" period which the Commission discusses in its Public Notice. Because universal service funding will be distributed on a first-filed, first-served basis, by adopting a "window" period, the Commission would reduce some of the advantages of schools, libraries and rural health care providers located in large states with large budgets and resources in filing for funding requests, as compared to schools, libraries and rural health care providers located in smaller states with smaller budgets and less resources.

However, in determining the duration of the "window," the Commission should take into consideration the unique disadvantages of the Pacific insular areas in filing for funding requests. First, the Commonwealth is not in a position to deploy its limited resources for the preparation of applications and funding requests at a moment's notice. Second, because mail and package services are slowed by the distance they must travel from the Commonwealth to Washington, D.C. (over 7,800 miles)⁶, it is imperative that a window of sufficient duration be established so that the Commonwealth will not be disadvantaged due to its remote location. This is of particular importance because the Commonwealth's schools, libraries and health care providers

⁶ Packages sent by regular mail between the Commonwealth and Washington, D.C. take approximately two weeks for delivery, while express delivery or "overnight" services can commonly take about one week. Because the Commission has not yet designated the filing location of funding requests, we have assumed, for the purposes of calculating the distance from the Commonwealth to the mainland, that applications will be filed in Washington, D.C.

will likely seek assistance from entities located off-island (and from the mainland) in preparing applications and funding requests.⁷ In addition, due to the limited number of service providers established in the Commonwealth, schools, libraries and health care providers in the Commonwealth will also have more difficulties than those located on the mainland in securing bids for requested services. Therefore, the Commonwealth supports the two-week window period referenced in the Public Notice because it would help minimize those disadvantages which the schools, libraries, and rural health care providers located in the Commonwealth may have in filing applications and funding requests with the Schools and Libraries Corporation or Rural Health Care Corporation.

⁷ Commonwealth schools, libraries and rural health care providers will probably not have the assistance of a telecommunications regulatory or public utilities commission in the preparation of applications and submission of funding requests. Although a bill to establish a telecommunications regulatory commission is pending before the Commonwealth legislature, the Commonwealth does not presently have a state commission which actively regulates telecommunications or has expertise in telecommunications matters.

V. CONCLUSION

As shown above, the Commonwealth supports the Commission's proposals to ensure an equitable and broad distribution of funds, particularly at the earliest stages of the support programs.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Thomas K. Crowe", written over a horizontal line.

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